Dr. D. Raghavendra Rao.—There is absolutely no necessity for a resolution to be brought to start these clinics. If anybody wishes to get information on this point, even now he will get it.

Mr. K. Ayyappan.—I beg to withdraw the resolution.

Resolution was, with leave, withdrawn.

(5) State—Aided Industrial Bank.

Mr. Popatlal Govêrdhan Lalan.—Sir, "This Council recommends to the Government to take immediate steps for promoting a State-aided Industrial Bank in the State".

It is a fact well known to the Hon'ble Members that banking development is of stupendous importance to the growth of the economic activity of any country. Trade and commerce can only develop with the march of banking progress and the mobilisation of the monetary sources of the country under a well directed policy. Statistics would go to show that our State is backward among the civilised countries in the number of organised banks. Of course, the present form of organised banking in the State is supplimented to some extent by money lenders but still the financial sources and facilities in the State are woefully deficient considering the enormous and urgent need for circulating capital in our midst at present. At present the most considerable banking systems in our State are of the joint stock bankers and of the indigenous bankers. The indigenous systems seem to consist of a lower and an upper grade of financiers. Since the system has not yet been properly investigated and varies somewhat in parts in our State all generalisations regarding it are dangerous, especially if made within a small compass. Coming just above the peasant, the lower grade is made up of the village money lender, some produce dealer, the agent of the landlord and the like. These men lend money usually on the security of crops. Often the lower grade is in turn financed by an upper stratum which consists of chiefly professional money lenders. These men work independently or as firms of financiers who sometimes have their principals and bankers or at least an agent in the town. As a rule they lend money for short periods and keep their resources in a fluid state. The services of this class of persons who form the lower rung of indigenous banking hierarchy cannot be overestimated as it is they who are mainly responsible for the financing of the internal trade in the State which is quite a number of times as great in value as foreign trade. While this much is told of the polished side, it must also be stressed that such advances are only made against crops, gilt-edged securities or collateral ones. There is no source visible within the State from which an industrialist can dream of getting even the shortest of loans and if at all he suc-

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ceeds in getting such it only serves him to close down his mill, loom or factory as it is evident that he cannot stand the foreign competition after his having to pay very high rate of interest on loans raised or by his having to run after fresh loans to meet his bankers' "call money". In fact, the present system is a one-sided one and instead of helping the industrialist it tends to do him harm. Thus the paucity of properly organised banking institutions in the State stands out as a visible evidence of her industrial backwardness. The number of purely indigenous enterprises is infinitesimally small and unsupported by the State or any apex bank. They have usually to carry on a precarious existence and are left to cope alone with their stronger foreign rivals whose resources are many times greater than theirs. No doubt the natural lack of banking habit among the people, combined with the absence of mutual confidence due largely to the inadequate business experience possessed by our people, is responsible for the undeveloped nature of banking business in the State and acts as a drag upon the progress of our credit institutions. Unlike the machinery of western banking, our system is undeveloped and the banks we find are rarely entrusted with deposits. Therefore, if the services of this class of persons who are the various heterogeneous constituents of the State money market can be secured, mobilised, and co-ordinated under a State-Aided-Industrial Bank the financial power of the State will be greatly enhanced. While the whole of India, not to speak of the whole world, has been suffering from a plethora of economic ills and economists are busy applying themselves to a diagnosis of the malady, all thinkers are unanimous in their statements that the delineation of the present actual conditions is possible only by making financial provisions requisite for any large scheme of industrial uplift. This is only feasible by assuring support to the industrialists. What we therefore want is a bank having all the sympathy for the industrialists and possessing the vision that it is the industrialisation that will ultimately relieve the miseries of the unemployed and eventually bring prosperity to the country even to its remotest corner. Such an institution can come into being provided the Government will come forward and take interest in its promotion which will solve the problem of gaining the public confidence and helping and maintaining the present industries and encouraging the springing of new ones. With these words, I hope all the Hon'ble Members will accept this resolution. I assure the Treasury Bench that no money will have to be invested so much as it invested unnecessarily for the country in other respects. These are the sources by which our country can bring on progress? We say we want the country to progress. Which way? I cannot understand. Progress not in building castles and amusing ourselves!

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It is only progress according to the administration of the Treasury Benches when they say that all the subjects of this State are standing on their own legs and that they get enough in return for the revenue they pay.

Mr. Paul Mampilli.—Sir, I beg to second the resolution. Of course we find very many banks everywhere. Wherever we look we find boards with the names of various banks and even in village parts we find banks exist in good numbers. Are these banks of any use to the industrialists? These banks advance money only for short periods; usually the amount is repayable after 3 months with interest. The persons who have to get loans for industry will not be able to return these amounts within the short period of 3 months. Therefore a bank specially intended for industrial purposes is necessary. Our Government have invested large amounts of money in various foreign banks at very low interest. Why not a portion of that money be utilised for this purpose? With these remarks, I second the resolution.

The House rose for the day at 5 P. M.

C. J. MATHEW,
Secretary to the Council.

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